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United States Virgin Islands

Working paper prepared by the Secretariat

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Note: The information contained in the present working paper has been derived from public sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 13 January 2016. Further details are contained in previous working papers, available from www.un.org/en/decolonization/workingpapers.shtml.

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The Territory at a glance

Territory: The United States Virgin Islands is a Non-Self-Governing Territory under the Charter of the United Nations. As an unincorporated, organized territory of the United States of America, it is administered by the Office of Insular Affairs of the United States Department of the Interior.

Geography: The Territory is located in the eastern part of the Caribbean Sea, 1,075 miles south-east of the south-eastern tip of the United States and 60 miles east of Puerto Rico. It is made up of four main islands: St. Croix, St. John, St. Thomas and Water Island. The capital, Charlotte Amalie, is located on St. Thomas.

Land area: 352 km^2

Exclusive economic zone: 33,744 km^2

Population: 105,080 (2012 data)

Life expectancy at birth: 79.8 years (women: 83.0 years, men: 76.7 years (2014 estimate))

Languages: English or English Creole (74.70 per cent); Spanish or Spanish Creole (16.78 per cent); French or French Creole (6.57 per cent); and other (1.95 per cent)

Capital: Charlotte Amalie

Head of territorial Government: Governor Kenneth E. Mapp

Territory's delegate to the United States Congress: Stacey Plaskett, elected on 5 November 2014 and sworn into office on 3 January 2015

Main political parties: Democratic Party; Independent Citizens' Movement; Republican Party

Elections: Most recent gubernatorial, legislative and congressional elections were held in November 2014. The next elections for legislators and delegate to Congress will be held in November 2016.

Legislature: Unicameral (15 senators)

Gross domestic product (GDP) per capita: $29,875 (2014, chained (2009) dollars)

Economy: Tourism is the primary economic activity, accounting for 80 per cent of GDP and employment. The manufacturing sector consists of petroleum refining, rum distilling, textiles, electronics, pharmaceuticals and watch assembly.

Monetary unit: United States dollar

Unemployment rate: 12.0 per cent (October 2015 estimate)

Brief history: The islands belonged to Denmark from 1754 to 1917 (Danish West Indies). On 31 March 1917, the Government of Denmark transferred ownership to the United States. The United States Virgin Islands has since been an organized, unincorporated territory of the United States.

I. Constitutional, political and legal issues

1. The United States Virgin Islands is an organized, unincorporated territory of the United States. Under the Organic Act of the Virgin Islands (1936), its revision in 1954 and subsequent amendments to the Revised Organic Act of 1954, the Territory has a legislature, also known as the Senate, which is a unicameral body comprising 15 senators elected to a two-year term by popular vote. Executive power is vested in the Governor, who, since 1970, has been elected by popular vote to a four-year term on the same ticket as the Lieutenant Governor. The Governor is limited to two consecutive terms. With the advice and consent of the Legislature, the Governor appoints the heads of the executive departments and has the power to approve or veto legislation and issue executive orders.

2. In the gubernatorial elections of November 2014, Kenneth Mapp, an independent, was elected Governor and Osbert Potter was elected Lieutenant Governor. Because no gubernatorial candidate received the absolute majority required under the Revised Organic Act, a run-off was held on 18 November 2014, two weeks after the general election, between Mr. Mapp, who had received 47.47 per cent of the vote, and a former congresswoman, Donna Christensen, who had received 38.23 per cent. The terms of office of the Governor and Lieutenant Governor will expire in November 2018, when the next gubernatorial elections are to be held. The Territory also elects a delegate to the United States House of Representatives, who is able to vote in committees. The Democratic Party candidate, Stacey Plaskett, won the election held in November 2014 and was elected to her first term as delegate. The Territory's senatorial elections were held on 4 November 2014. The senators and the delegate to Congress can serve unlimited two-year terms.

3. The Territory's judicial system has a district court, a superior court and a supreme court, of which the last-mentioned became operational in January 2007. The Supreme Court is the appellate court that hears appeals decided by the Superior Court. Its establishment eliminated federal judicial involvement in purely local legal matters. In December 2012, the President of the United States signed House of Representatives Bill No. 6116 authorizing direct review by the United States Supreme Court of decisions made by the Supreme Court of the United States Virgin Islands. The legislation was sponsored by the Territory's congressional delegate.

4. Since the revision to the Organic Act of the Virgin Islands by the Government of the United States in 1954, there have been four attempts to replace it with a local constitution approved by the people of the Territory that would organize the internal mechanisms of government. Although the United States Congress authorized the adoption of a local constitution in 1976 under United States Public Law 94-584, none of the four attempts made were successful.

5. As previously reported, on 26 May 2009, the Fifth Constitutional Convention adopted a proposed constitution of the United States Virgin Islands by a two-thirds vote. It was submitted to the Governor on 31 May 2009. In a preamble and 19 articles, the 27-page text included provisions on a bill of rights; principles, branches and subdivisions of government; Virgin Islanders; elections; education; youth; taxation, finance and commerce; economic development; public health, safety and welfare; culture; environmental protection; referendums and recalls; and the

creation of a political status advisory commission. Further details can be found in previous working papers.

6. On 26 February 2010, the President of the United States submitted the proposed constitution to Congress, endorsing the conclusions reached by the United States Department of Justice that several features of the proposed text warranted analysis and comment, including: (a) the absence of express recognition of United States sovereignty and the supremacy of federal law; (b) provisions for a special election on the territorial status of the United States Virgin Islands; (c) provisions conferring legal advantages on certain groups defined by place and timing of birth, timing of residency or ancestry; (d) residence requirements for certain offices; (e) provisions guaranteeing legislative representation of certain geographic areas; (f) provisions addressing territorial waters and marine resources; (g) imprecise language in certain provisions of the proposed constitution's bill of rights; (h) the possible need to repeal certain federal laws if the proposed constitution were adopted; and (i) the effect of congressional action or inaction on the proposed constitution.

7. On 11 September 2012, the Governor signed Act No. 7386 establishing and convening a body called the Fifth Revision Convention, formed by the 30 delegates elected to the Fifth Constitutional Convention along with five attorneys. The Fifth Revision Convention was convened on 1 October and mandated to ratify and approve, no later than 31 October and by a two-thirds majority vote of all the delegates, the final revised draft constitution consistent with the nine issues identified by the Government of the United States (see para. 6). The Act established that, if the Fifth Revision Convention agreed upon a proposed revised draft constitution by the deadline, the President of that body should have it submitted to the Governor and to the President of the United States. In case of the non-adoption of the text, both the Fifth Constitutional Convention and the Fifth Revision Convention would be dissolved and the Legislature of the United States Virgin Islands would have full authority to address the Territory's constitution. As reported in the previous working paper (A/AC.109/2015/10), however, the outcome of the Fifth Revision Convention has continued to remain unclear and surrounded by controversy. In January 2013, in his State of the Territory address, the Governor expressed the hope that the Territory would find "the means and courage that will lead us from the Organic Act to a Virgin Islands constitution".

II. Budget

8. In his State of the Territory address on 25 January 2016, the Governor stated that the territorial Government was receding from the brink of financial collapse and entering into a state of economic and financial recovery. He noted that fiscal year 2016[1] would be the first since fiscal year 2007 that the territorial Government would end without an operating deficit. The territorial Government had paid taxpayers more than $78 million in income tax refunds and $11 million to the Water and Power Authority, and 3,431 employees in 12 territorial agencies would receive some $21 million in long-overdue raises.

[1] The fiscal year of the United States Virgin Islands is from 1 October to 30 September.

9. On 29 May 2015, the Governor submitted to the Legislature the General Fund operating budget request for fiscal year 2016 at $702.8 million, which is $6.7 million less than the amount submitted in the fiscal year 2015 executive budget and $41 million less than the current fiscal year 2015 appropriation level of $743.8 million. It is also $10 million less than the projected allotment level of $712.8 million for the current fiscal year. Conversely, the revenue projections at $562.2 million are $68.9 million, or 11 per cent, less than the current projected fiscal year 2015 amount of $631.1 million. This is owing mainly to there being only one year of property tax bills in fiscal year 2016, compared with two years for fiscal year 2015. The projected level of appropriations includes assumptions for increased revenue initiatives in the amount of $98 million combined with some government-wide expenditure reductions.

III. Economic conditions

A. General

10. On 16 December 2015, the United States Bureau of Economic Analysis released gross domestic product (GDP) estimates for the United States Virgin Islands for 2014. The estimates were developed under the Statistical Improvement Programme funded by the Office of Insular Affairs. According to that analysis, the economy of the United States Virgin Islands continued to contract in 2014, although at a much slower rate than in the previous three years. The estimates of GDP show that real GDP, or GDP adjusted to remove price changes, decreased by 0.6 per cent in 2014. By way of comparison, real GDP for the United States, excluding its territories, increased by 2.4 per cent in 2014. The decline in the economy of the United States Virgin Islands reflected primarily a decrease in government spending, which in turn reflected the declines in compensation paid to federal government employees and federal government construction activity. Exports of goods increased significantly, owing primarily to growth in exports of petroleum and petroleum products. However, this growth was offset mostly by growth in imports of petroleum — a subtraction item in the calculation of GDP — and by a drawdown of inventories. Exports of services, which consist primarily of spending by tourists, contributed positively to the economy. Growth in tourism reflected an increase in visitor arrivals of 4.2 per cent.

11. The estimates of GDP by industry show that the private sector was the primary source of decline in real GDP in 2013. Goods-producing industries declined by 27.0 per cent in 2013, reflecting the loss of the petroleum refining industry. Total compensation decreased in 2013; the largest contributor to the decrease was the goods-producing industries. This was offset in part by an increase in compensation of the wholesale and retail trade industries.

12. According to the United States Virgin Islands Bureau of Economic Research, government revenues for the first nine months of fiscal year 2015 showed improvement, compared with fiscal year 2014. Overall, tax revenues for the first three quarters of fiscal year 2015 increased by 24.6 per cent.

13. The Governor convened the first comprehensive economic development strategy meeting in August 2015. The strategy provides a policy framework for the socioeconomic development of the Territory, sets the priorities of economic policy

and proposes a programme of economic measures and methods to achieve the objectives set for the Territory as a whole and for individual sectors of the economy.

B. Tourism

14. During the first nine months of fiscal year 2015, the number of visitors to the Territory rose from 2,263,307 to 2,263,930, by less than 1 per cent, compared with the same period in fiscal year 2014. Air arrivals grew by a strong 7.0 per cent, while cruise passenger arrivals remained at the same level. There were 610,392 air visitors, an increase from 570,203, and 1,652,912 cruise visitors, a decrease from 1,693,727.

C. Manufacturing and construction

15. According to the United States Virgin Islands Bureau of Economic Research, the manufacturing sector now accounts for 2 per cent of jobs. Businesses in this sector include fabricators, concrete-producing firms, distilleries and those producing goods. These businesses have an average workforce of 20 employees. Before the closure of the Hovesna oil refinery in 2012 (see A/AC.109/2013/10), the sector accounted for 5 per cent of the Territory's jobs and 21 to 25 per cent of the gross territorial product. There was an average of 610 manufacturing jobs, compared with the 646 reported in fiscal year 2014, a loss of 5.5 per cent.

16. According to the administering Power, on 31 December 2015, the Governor signed into law the thirty-first Legislature's ratification of the operating agreement between the Government of the United States Virgin Islands and Limetree Bay Terminals, a subsidiary of ArcLight Capital Partners, for the sale of the former Hovensa facility on St. Croix. The bid by Limetree Bay Holdings involved a total consideration of some $370 million, with the Government of the United States Virgin Islands receiving approximately $235 million of that amount when the sale closed. The company expects to operate the oil storage terminal at full capacity, or 32 million barrels, by late 2016. Currently, only 13 million barrels are stored there, with Sinopec and Freepoint Commodities, another ArcLight partner, purchasing most of them. Limetree is expected to hire 80 employees initially, with 80 per cent of the workforce to comprise residents of St. Croix.

17. According to the Bureau of Economic Research, since the closure of the refinery in 2012, rum production has taken over as the strongest performer in the Territory's manufacturing sector. The rum industry consists of two companies. Both distilleries have a combined capacity to produce 29 million proof gallons of rum per year. Rum produced in the Territory is exported to the United States primarily in bulk and sold to local and regional bottlers for sale under a variety of brands. Shipments during the first eight months of fiscal year 2015 totalled 9,019,388 proof gallons, compared with 10,470,109 proof gallons during the same period in fiscal year 2014.

D. Trade, transportation and utilities

18. The United States Virgin Islands has some 1,250 km of roadways. The Territory also enjoys one of the most natural deep-water harbours in the Caribbean and is strategically located along the Anegada Passage, a key route for ships bound for the Panama Canal. The Territory has five major docking facilities, which can accommodate cruise ships and some naval vessels. Three of the docks are on St. Croix: South Shore, Gallows Bay and Frederiksted. The other two are on St. Thomas: the facilities operated in Crown Bay by the Virgin Islands Port Authority, a semi-autonomous government agency, and the Islands-owned West Indian Company.

19. The Water and Power Authority has continued its efforts to diversify its energy portfolio and modernize the plants' infrastructure. The utility's efforts have led to a reduction in power costs to both commercial and residential ratepayers. In January 2015, contracts were signed for an additional 6 MW of solar power on St. Croix. The Authority is in contract negotiations for an additional 3 MW of solar energy within the St. Thomas and St. John district.

20. The Authority has launched a project to convert its electric generating stations to use propane instead of residual and diesel fuel oils. It aims to cut its imported fuel costs by 30 per cent. In recent years, generating fuel surcharges have driven the average price of electricity paid by consumers as high as 50 cents per kWh, five times the average in the United States.

21. The $150 million liquefied petroleum gas project is scheduled to come online in 2016. Facilities on St. Croix and St. Thomas are expected to begin operations in the middle of 2016. Furthermore, the utility's combustion turbines will be allowed to burn liquefied natural gas in addition to propane and fuel oil.

22. In terms of communications, the Territory has some 59,000 telephones, 8,700 Internet hosts (a computer connected directly to the Internet) and a number of radio and television broadcasting stations.

E. Agriculture and fisheries

23. Historically, sugar cane and, to a lesser extent, cotton were the main sources of revenue for the Territory's economy. Currently, the agricultural sector is very small and comprises mainly fruit and vegetable cultivation and cattle-raising.

24. According to the administering Power, the Territory's Department of Agriculture has submitted grant applications to establish the farm-to-school programme within the Department and to make farmers markets accessible to recipients of the supplemental nutrition assistance program. If successful, the Department will begin to build the capacity needed to increase the availability of locally grown food in the school lunch programme. It will also seek to partner with the United States Department of Agriculture's Food and Nutrition Services and the Virgin Islands Department of Human Services to conduct a training programme with a small group of qualified farmers on how to use the electronic benefits transfer card reader for smartphones or stationary card readers. If successful, local farmers and fishers would have access to the market of supplemental nutrition assistance programme recipients.

IV. Social conditions

A. Labour

25. According to the United States Virgin Islands Bureau of Labor Statistics, the unemployment rate for December 2015 was 11.9 per cent, showing a decrease of 1.1 per cent, compared with the rate for December 2014. There was an increase in jobs being added in the fields of trade, transport and utilities, education and health services and leisure and hospitality. However, manufacturing, government, construction, information, professional, business and other services showed a loss in employment. Data for October 2015 with regard to the labour force count, that is, the number of employed and unemployed individuals, indicate a minor decrease of 3.4 per cent, from 49,933 in October 2014 to 48,236. This decline continues to show individuals dispersed from the labour market, based on the decline in job demand compared to supply over the period. In St. Croix, the employment count, or the number of individuals who have a job, decreased by 306, or 1.6 per cent, from 19,566 in October 2014 to 19,260 in October 2015. There was a decrease of 1,376 in the unemployed count, or the number of individuals without a job, of 2,395 for October 2015. In the St. Thomas and St. John area, the employment count decreased by 1.6 per cent, from 23,602 in October 2014 to 23,232 in October 2015. The unemployment count in this district increased by 11.9 per cent in October 2015. The labour market continues to ride the waves of a volatile employment cycle, which to a large degree is influenced by global economic trends coupled with factors affecting the demand for labour.

B. Education

26. Education in the United States Virgin Islands is compulsory and free for all children between 5 and 16 years of age. The Territory's Department of Education comprises a state education agency and two local education agencies, one for the St. Thomas-St. John district and the other for the St. Croix district. Each district has 2 high schools, 3 middle schools and 10 elementary schools. The University of the Virgin Islands has campuses on St. Thomas and St. Croix and a combined full-time and part-time student body of some 2,500 students.

27. On 26 August 2014, the Territory's Department of Education presented a five-year strategic plan that was focused on three priorities identified through stakeholder focus groups and meetings: improving academic achievement for all students, building a positive culture within and across all schools and increasing teacher and leader effectiveness. It contained specific goals, strategies and milestones to measure progress.

C. Public health

28. The Territory's Department of Health maintains facilities on St. Thomas, St. John and St. Croix. It also maintains a long-term care facility on St. Thomas. Outreach efforts include educational, preventive and treatment services using clinics and subdivisions for maternal and child health, family planning, environmental health, sexually transmitted infections, HIV and tuberculosis, mental health and

substance abuse. The Department administers 33 activity centres and 16 federal programmes under the auspices of the Office of the Commissioner and the divisions dealing with fiscal affairs, support services, public health services and health promotion and statistics.

29. Priorities and indicators for the maternal, child and adolescent health population were identified following a needs assessment conducted by the Department of Health for the 2010-2015 cycle. The transfer of Medicaid to the Department of Human Services was finalized in fiscal year 2013.

30. On 19 February 2016, the Department of Health announced the confirmation of a positive case of Zika virus in the district of St. Croix. The Department also reported that it had been preparing for additional cases in the Territory and taking steps to educate the public on how to protect themselves from mosquito bites to prevent the virus from spreading further.

D. Crime and crime prevention

31. In his State of the Territory address for 2016, the Governor noted that an across-the-board assessment of all law enforcement operations in the Territory had been undertaken and that the final assessment of the police department and all law enforcement agencies had been completed and issued. In his view, violent crime remained unacceptably high and a more comprehensive strategy was required to combat and reduce crime. The Government was stepping up recruitment efforts and technical resources, and crime technology tools had been purchased. He also announced that the New York Police Department had agreed to accept and train police officers from the Territory at the New York Police Academy.

V. Environmental protection and disaster preparedness

32. In the area of emergency preparedness, the Territory has continued to enhance its operations with the opening of the new headquarters of the Virgin Islands Territorial Emergency Management Agency. The consolidation of the emergency call centre operations at two districts has enhanced organizational efficiency by improving responsiveness to residents at their most critical time of need. In June 2011, the Agency installed 10 all-hazards warning sirens throughout the Territory — 4 on St. Croix, 4 on St. Thomas and 2 on St. John — concentrating, in particular, on areas considered at high risk for tsunamis. In October 2012, the Agency announced the installation of a new siren warning system, replacing faulty repeaters located on St. Croix, St. Thomas and St. John. The system is designed to warn anyone within its range of an imminent threat or danger. Eleven additional sirens will be installed. A Territory-wide test of the system was conducted in March 2014.

33. In May 2014, the Territorial Emergency Management Agency hosted the ninth session of the Intergovernmental Coordination Group for the Tsunami and Other Coastal Hazards Warning System for the Caribbean and Adjacent Regions, during which the Territory was designated as "tsunami-ready", a status granted by the National Oceanic and Atmospheric Administration of the United States once specific requirements are met. In March 2015, the Agency participated in a

Caribbean-wide tsunami exercise to evaluate local tsunami response plans, increase tsunami preparedness and improve coordination throughout the region.

34. On 16 October 2015, the Governor signed an executive order to prepare the Territory for the impacts of climate change. It provides for the launch of a territorial climate change initiative and facilitates close cooperation among the federal Government, the Government of the Territory, the private sector and civil society sector and the wider community.

35. The executive order establishes a Virgin Islands climate change council, which will function as a coordinating mechanism, receiving the full cooperation of all public sector institutions and instrumentalities, and work with federal and local agencies, academic and research institutions and the private and non-profit sectors. It will also designate a public institution or network of institutions, as necessary, to host and manage the data and tools required for public information and climate adaptation decision-making. Furthermore, it will make provisions for the establishment of an Internet-based portal to support the integration of those data.

VI. Relations with international organizations and partners

36. The United States Virgin Islands is an associate member of the Economic Commission for Latin America and the Caribbean. The Territory has observer status with the Association of Caribbean States and with the Alliance of Small Island States, which serves as a platform to promote action on environmental issues, including climate change. According to information provided by the administering Power, the United States Virgin Islands received acceptance as a territorial Government with observer status at the Organisation of Eastern Caribbean States in 2009. Furthermore, in March 2014, representatives of the Territory attended the sixth meeting of the Inter-Virgin Islands Council between the British Virgin Islands and the United States Virgin Islands, with a view to addressing mutual interests and challenges and to fostering and promoting cooperation between the two Territories. Topics considered included law enforcement, pleasure boating and sport fishing, cooperation in tourism, energy and utilities and culture and education.

VII. Future status of the Territory

A. Position of the territorial Government

37. Developments regarding discussions on the future status of the United States Virgin Islands are reflected in section I.

B. Position of the administering Power

38. In a letter dated 2 November 2006 addressed to the delegate of American Samoa to the United States House of Representatives, the Assistant Secretary of State for Legislative Affairs, Jeffrey T. Bergner, elaborated on the position of the Government of the United States. In his letter, he indicated that the status of the insular areas regarding their political relations with the federal Government was an internal United States issue and not one that came under the purview of the Special

Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. He also noted that the Special Committee had no authority to alter in any way the relationship between the United States and those territories and no mandate to engage the United States in negotiations on their status. He further noted that, at the same time, in accordance with its obligations under the Charter of the United Nations to provide regularly to the United Nations statistical and other information of a technical nature relating to economic, social and educational conditions in the Non-Self-Governing Territories, the federal Government submitted annual updates on United States territories to the Special Committee as a demonstration of the cooperation of the United States as an administering Power and as a corrective to any errors in information that the Special Committee might have received from other sources.

VIII. Action taken by the General Assembly

39. On 9 December 2015, the General Assembly adopted resolution 70/102 A and B without a vote, on the basis of the report of the Special Committee for 2015 (A/70/23) and the subsequent recommendation by the Fourth Committee. Section XI of resolution 70/102 B concerns the United States Virgin Islands. In that section, the Assembly:

(a) Welcomed the proposal of a draft constitution emanating from the Territory in 2009, as a result of the work of the United States Virgin Islands Fifth Constitutional Convention, for review by the administering Power, and requested the administering Power to assist the territorial Government in achieving its political, economic and social goals, in particular the successful conclusion of the ongoing internal Constitutional Convention exercise;

(b) Requested the administering Power to facilitate the process for approval of the proposed territorial constitution in the United States Congress and its implementation, once agreed upon in the Territory;

(c) Also requested the administering Power to assist the Territory by facilitating its work concerning a public education programme, consistent with Article 73 *b* of the Charter, and in that regard called upon the relevant United Nations organizations to provide assistance to the Territory, if requested;

(d) Expressed its concern regarding the continuing negative impact of the Hovensa plant closure;

(e) Reiterated its call for the inclusion of the Territory in regional programmes of the United Nations Development Programme, consistent with the participation of other Non-Self-Governing Territories;

(f) Welcomed the active participation of the Territory in the work of the Economic Commission for Latin America and the Caribbean;

(g) Noted the holding, in March 2014, of the meeting of the Inter-Virgin Islands Council between the Territory and the British Virgin Islands.